



# EMPLOYER BULLETIN

## Federal Funds Contribution Rate Increase and Social Security Notification Requirements

December 2004

### Federal funds contribution rate will increase to 14.00 percent

Effective July 1, 2005, the employer TRS contribution on salaries paid from federal funds will increase from 10.5 percent to **14.00 percent** for earnings in the 2005-06 school year. This change is authorized by Section 16-158(b-3) of the Illinois Pension Code that requires employers to pay TRS the full accruing retirement costs as determined by TRS from all special trust or federally funded salaries. The new contribution rate of 14.00 percent for the 2005-06 school year is equal to the TRS state funding rate for 2005-06.

The new 14.00 percent rate is only effective for earnings paid from federal funds in the **2005-06** school year. The contribution rate on special trust or federally funded salaries will be calculated on an annual basis and will increase over the next several years in accordance with the rate required to fund TRS. We will notify you each year of the new contribution rate.

**Please be sure to include the higher rate of 14.00 percent in your 2005-06 federal fund grant requests.**

An additional bulletin is enclosed. Please forward it to the individual(s) responsible for grant applications. Additional copies of the bulletin are available at [www.trs.state.il.us](http://www.trs.state.il.us).

If you have questions, please contact our Accounting or Employer Services Departments at (888) 877-0890.

### Social Security notification requirements for employees

The Social Security Protection Act of 2004 requires employers to provide a written notice to new employees not covered by Social Security who begin work on or after January 1, 2005. The notice informs TRS-covered employees that they are not covered by Social Security, but are covered by a public retirement system (TRS). The notice will also provide an explanation of the affect a pension based on earnings not covered by Social Security can have on an employee's Social Security benefit, such as a reduction due to Government Pension Offset (GPO) Provision or Windfall Elimination Provision (WEP).

Since TRS members do not contribute to Social Security, all TRS members hired after January 1, 2005, must be provided with the notice and sign the form. Copies of the signed forms must be sent to the TRS Springfield office, where they will be filed in the members' records.

The notice will be provided by the Social Security Administration. Social Security's Web site contains a new page, [www.socialsecurity.gov/form1945](http://www.socialsecurity.gov/form1945), with information on the notice, including how the form can be downloaded or ordered from the site.

If you have any other questions, please call the Social Security Administration, (800) 772-1213, or contact your local Social Security office.